

MEMORANDUM FOR: Director of Central Intelligence

3 December 1954

SUBJECT : John Thomas DOWNEY
Richard George FECTEAU

1. This will inform you of the findings and recommendations of a committee consisting of all interested Agency officials who met on 1 December 1954 to review the current status of subject individuals and determine the Agency's future course of action.

2. In view of the extensive publicity surrounding the case of subject individuals, and of the fact that some eighteen persons outside of the Government are aware of the connection of one or the other with the Agency, it is necessary to take cognizance in some fashion of the current Chinese Communist press releases. We are of the opinion that the Communists would not be willing to open this matter to world view unless they were able to produce live bodies to substantiate their claims. Moreover, whatever our conclusion in this matter, a continued insistence by the Agency in regarding these individuals as dead would run directly counter to the interests of the private persons referred to above. Accordingly, we believe that the Agency should transfer them to the status of "Missing in Action" which would have the effect of cancelling the former finding but would not involve the Agency in affirming that they are still alive. The various insurance companies and parties at interest will then have to be informed of this reversal of our previous declaration of death and appropriate financial arrangements worked out with them. We believe this course of action holds the best promise of inducing them to continue to cooperate with the Agency in the maintenance of security.

3. In order to handle these negotiations in the most secure manner, we believe that representatives of the Agency should promptly contact the various insurance companies concerned to notify them that we must reverse our previous declaration, determine how much has been paid the various beneficiaries, and learn their views as to the possible recovery of these funds. Agency representatives should also make contact with the various beneficiaries and should act as intermediaries between them and the insurance companies to assist both parties in the return of insurance proceeds which, under the new circumstances, would be recoverable.

4. We recommend that the following policy apply in working out these financial arrangements:

a. Beneficiaries should be advised that, since the declaration of death has been reversed, they have no equitable basis for retaining death benefits received under insurance policies and should be encouraged to offer some sort of settlement within the limits of their means to the insurance companies. Nevertheless, the Agency should not attempt to bring pressure on them, especially where hardship would result, since it is the responsibility of the insurance company to determine what action, if any, it will take regarding recovery. In thus pursuing a relatively neutral course, the Agency would be following the precedent set by the Armed Forces.

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b. In the case of those beneficiaries who were in receipt of allotments from the salaries of the subject individuals and who will now be entitled both to a share of one year's back pay and to continuing payments henceforth, it would be especially inequitable to allow them to retain death benefits already received and to receive allotments from the salary of a man presumed to be still alive. Such individuals should be urged at the very least to apply their allotments to the settlement with the insurance company or to allow the Agency to do so up to the amount recoverable.

c. In these negotiations with beneficiaries one of the major purposes must be to avoid antagonizing knowledgeable individuals to a point where there is some risk of impairment of security, or of future non-cooperation in the event of future developments in the case. Consequently, Agency actions should be as generous and solicitous as possible.

d. In its approach to the insurance companies, the Agency should initially attempt to ascertain their position and to dissuade them from any action which would involve more publicity pending the Agency's negotiations with the beneficiaries. At this stage the Agency should make no offer or gesture toward the assumption of responsibility for the repayment of funds to the company. If, when the views of both parties have been ascertained, it appears that a beneficiary refuses or is unable to offer a settlement which the insurance company is willing to accept, we would probably recommend that the Agency make up the difference involved from special funds.

e. A course of action similar to that outlined should be adopted toward the Bureau of Employees Compensation and the Civil Service Commission.

5. To the best of our knowledge, the attached estimate of outstanding obligations reflects payments made or benefits received which will or may be subject to recoupment or offset.

6. The change in status of subject employees from dead to missing should be made effective as of 5 December 1953, the day following the date of the previous declaration of death. Allotments in effect at that time and/or such other allotments as are deemed necessary or proper by the Assistant Director for Personnel will be established with due consideration given to the financial circumstances of the next of kin concerned.


7. Your approval of this outline of action is recommended.

1 Attachment

APPROVED

Director

DEC 3 1954

 25X1
RICHARD M. RUSSELL, JR.
Special Assistant to the Director
for Planning and Coordination

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ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:

AD/P

RFR

TELEPHONE

NO.

DATE

DEC 1954

TO

ROOM
NO.

DATE

REC'D

FWD'D

OFFICER'S
INITIALS

TELEPHONE

COMMENTS

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Ch. SSID

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Mr. Carg.

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Please proceed to implement. 25X4

- 1- Confer with Gen Counsel.
- 2- Visit insurance companies
- 3- Visit beneficiaries and next of kin.

See also attached note
from Comptroller 1-7-54.
See my note on
Comptroller's memo.
1-2.

George - Please carry
out directives (1-2-3) above
and keep me informed. 25X1



FORM

51-10

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